

MEETING SUMMARY NOTES

Finance Work Group

November 20, 2002

3:30 p.m., Room 113, County-City Building

MEMBERS: Present - Lowell Berg, Keith Brown, Bob Hampton, Mark Hesser, Brad Korell, Dan Marvin, Polly McMullen, Richard Meginnis, Tom Schleich, Kent Seacrest, Roger Severin, Tim Thietje, Terry Werner, Larry Zink, Otis Young, Jim Budde, Allan Abbott (non-voting). Absent - Connie Jensen and Ron Ecklund

OTHERS: Kent Morgan, Roger Figard, Randy Hoskins, Peter Katt, Margaret Remmenga, Don Herz, Hallie Salem, Jon Carlson, Marvin Krout, Steve Masters, Randy Wilson

AGENDA ITEMS DISCUSSION:

1. Welcome - Brad Korell, Work Group Chair and Committee Tri-Chair

Brad Korell opened the meeting and thanked the members for their time.

2. Meeting Summary Notes - November 8, 2002

Korell asked if there were any changes to the "Meeting Summary Notes" from the Work Group's November 8, 2002 meeting. Keith Brown stated that he has not been receiving the materials on email. Kent Morgan apologized for the oversight and indicated that he would check into the cause of the problem and get it resolved.

Larry Zink asked for clarification of the statement that the work group was in general agreement about the City's newly instituted street maintenance program. Korell explained that the group was in general agreement that there are not a lot of streets in disrepair. People visiting Lincoln often comment on the good condition of the streets.

No changes to the minutes were suggested.

3. Public Comment Period

Korell asked if there were any members from the public that would like to address the Work Group. There were none.

4. Detailed Phasing for Tier I, Priority Area A - Presentation and General Discussion

Korell began by explaining that, after the last meeting, he met with City staff to discuss how to put this into a context that makes sense and takes us in the right direction. Using the Comprehensive Plan map with the cinnamon areas identified for growth to occur as the basis, the question is how best to grow into those areas. The City has asked where growth is wanted because the cost in different areas varies. Much of the cost is driven by topography of the land. The streets are not as much of an issue as getting water and sewer to these locations. If you try to start at the top of the hill and you have to run the pipe all the way to the top, it will cost more than if you start at the bottom and work your way up. That is an oversimplified statement of what needs to be considered when planning where infrastructure should be implemented first. The developers do not always agree with where the City would like growth to occur first. In essence, the Work Group is trying to develop a plan to lead growth into those areas. The idea is to identify, for the first 6 years, where to run infrastructure and how to get the infrastructure in there. As a baseline, he asked Public Works to give their best judgment of the most cost effective approach. With that baseline, variations and their additional costs could be considered. By following that process, the costs needed in the first and second 6-year periods could be identified. That would get through the first half of the Plan. This is driven by the Comp Plan, not the CIP.

Terry Werner asked if that means the cost of maintenance will not be considered. Korell stated that the outline distributed at the last meeting would still be followed. These are some assumptions that will be followed to get into that. The Public Works scenario is not necessarily the scenario that will be adopted, it is simply a baseline to work from and use for a comparison of cost. The ultimate goal is to solve the gap, but a disciplined concept must be adopted. History shows that development has been based on where developers want to go versus what might be the best scenario for the City to follow from a cost standpoint.

He added that for the purposes of this exercise, he has asked the City to focus on the first 12 years, broken into two 6-year parts. Morgan stated that the City is comfortable with the 12-year focus.

Korell pointed out that the CIP is not being used as the basis for this plan because if this plan is right, the CIP will follow it.

Morgan explained that in terms of phasing, the areas identified by the Comp Plan are to be used. The goal is to have basic infrastructure available in the Tier 1 Priority A area, which adds about 17 square miles to the City, or 1.3 to 1.4 square miles per year, in that 12-year period. The Comp Plan supports this approach. Traditionally, development has occurred along the basins and has been contiguous.

Other considerations include having infrastructure in place in an area prior to its annexation. Services are provided only within the City. The sewer system has traditionally been gravity fed.

The existing facilities must be maintained and the extension of infrastructure should be logical and timely.

Two basic alternatives have been developed. The first is the extended CIP Program. The second is being called the Category 5 program. Basically the differences between the plans are that the extended CIP attempts to bring in as much land as quickly as possible. The Category 5 is much more aggressive in bringing in land. It would require changes to the City's process of approval in order to get this in place by year 5.

Korell observed that Category 5 brings Stevens Creek in faster and will require more money and authorization sooner. Abbott clarified that the total cost will be the same, but Category 5 will require more front end costs.

Hesser asked, if money was not an issue, if there was a procedural change that could occur to bring sewer into Stevens Creek sooner. Single family lots in that area seem to be almost exhausted without extending the sewer.

Abbott stated that the current City Council has been reluctant to approve something that will obligate a future Council to decisions it has made.

Thietje observed that more aggressive development seems to be closer to what the City wants to see and asked for comments from the development community on the more aggressive approach.

Hampton was of the opinion that people would speed to the marketplace and lots would be going in within the next year in the southern area. Abbott stated that it is necessary to weigh the risk involved and make sure the existing sewer lines can handle the extension.

Severin was pleased that an approach more aggressive than the CIP was being considered. The gap with the Category 5 approach will be larger so it is necessary to consider how long it will take to get the financial tools in place to support that.

Hampton observed that Lincoln will run out of single family lots in 3-4 years.

Seacrest noted that the Category 5 approach is consistent with the Comp Plan and is the needed approach in order to meet the 1.5% growth assumptions. Morgan added that both approaches are consistent with the Comp Plan. Seacrest pointed out that the marketplace doesn't always go equally into all areas.

Marvin stated that the extended CIP approach meets the goal of getting services to the 12-year area and seems fairly reasonable. However, he was not comfortable with the lot calculation.

Severin suggested that the Category 5 approach would prevent the stall in some areas. However, there will still be periods of time when there are no lots. The Category 5 approach continues the growth in the south and northeast areas.

Werner asked how many single family lots are currently available. Morgan was unable to state the number from memory. He noted that about 1,800 building permits per year are being assumed.

Marvin asked what inventory would be adequate to meet 1.5% sales. Hampton noted that 10-15 years ago, there were 2-3 times the number of subdivisions there are today. He added that people from out of town are amazed at the lack of selection available when choosing areas to purchase homes.

Korell noted that there are instances where lots have been platted and are available but are not being purchased, for example in the northwest Lincoln area. Severin agreed that there has not been a flocking of people to particular areas.

Morgan observed that when looking at the number of dwelling units built recently, a near majority have been north of O Street. There has been a fair distribution across the community in terms of lots.

Zink suggested that there should be two more conservative charts to consider. A gap has already been identified, the question is how to fund it. Conceptually, the discussion has gone from meeting the need to a more aggressive approach.

Korell noted that the charge to the Work Group is to define how to get to where the Comp Plan is leading. With regard to the question about the marketplace, he suggested that the marketplace might change if the cost of getting infrastructure into those areas was reflected in the price.

Hallie Salem, Urban Development suggested that more information was needed if areas are to be prioritized. Korell stated that the Comp Plan has identified the areas the City should grow into. Multi-directional growth is desirable. The marketplace says that is great in principle, but it isn't realistic to grow evenly in all areas. The work group could discuss the possibility of moving faster by trading between areas, but it doesn't have any latitude to discuss much more than that.

Abbott noted that the CIP was put together before the Comp Plan. Therefore, it made some assumptions. He was of the opinion that the charge of the committee was to verify the Comp Plan and fill the gap. There has to be a starting point for that discussion. The issue here is what we want to do because we can't outguess what the community wants.

Korell asked that staff cost out these two scenarios. Abbott stated that it would take some time to develop the costs so they would like to have as few options as possible.

5. Tier I, Priority Area A Infrastructure - Streets and Highways

Korell stated that during his discussions with City staff prior to the meeting, he learned that it is hard to plan for streets until we know where we can get water and sewer. A street can be put over hills, but the water and sewer need to run downhill.

Morgan distributed a chart showing the growth of Lincoln in terms of square miles starting in 1980 and extending to the year 2015. The future growth assumes growth at a constant rate of 1.33 square miles per year.

Roger Figard explained that the wheel tax history handout gives the dates, amounts and increases for wheel tax. The handout also identified the allocations and distributions. He explained that the residual tax is the original amount and is available for anything State Statute allows it to be used for. The increase was earmarked for new projects.

Randy Hoskins distributed charts showing the growth of infrastructure in the City. He pointed out that the jump in growth in the last two years stems from the migration to a GIS system and a change in the way things were counted. The numbers for those two years are accurate. The sanitary sewer, storm sewer and water mains were also represented in the handout.

6. Other Business

Korell pointed out that several pieces of information had been requested at the previous meeting. The historical data will begin with the year 1982 because that is when the City implemented a new accounting system. The data will be shown in 5 year increments. This will give the Work Group enough information to move forward based on historical trends.

Abbott indicated that staff could probably have most of the data compiled by the meeting on December 5. He indicated that the cost of the development of the streets would be for the ultimate section and will be broken into 6-year increments.

7. Future Agenda Topics

Korell reminded the group that the next meeting is scheduled on December 5 at 3:30 p.m. in the Mayor's Conference Room.

8. Adjournment

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